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Message Text

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PAGE 01 NEW DE 12918 260057Z

62
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 AGR-05 COME-00 TRSE-00 /075 W
---------- 128454
R 251217Z SEP 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1394
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 12918

E.O. 11652: XGDS-1
TAGS: PFOR, IN, US
SUBJ: INDO-US RELATIONS: ATMOSPHERICS: POSITIVE VIBRATIONS

1. IN THE LAST TWO WEEKS THERE HAS BEEN A FLURRY OF INITIATIVES FROM THE GOI TO DEAL WITH US FINANCIAL/ COMMERCIAL/ECONOMIC PROBLEMS. AN INFORMAL EMBASSY PAPER WHICH HAD BEEN SENT TO THE PRIME MINISTER'S SECRETARY A NUMBER OF WEEKS AGO SUDDENLY CAUSED THE FINANCE MINISTRY (M.G. KAUL) TO CALL IN THE ECONOMIC COUNSELLOR AND REQUEST PAPERS ON THE ENTIRE RANGE OF CURRENT PROBLEMS AND SUGGESTIONS AS TO HOW INDIA POLICIES MIGHT BE MODIFIED TO EXPAND TRADE AND INVESTMENT. THE INDIAN INITIATIVE FOR A MEETING OF THE AGRICULTURAL IMPUTS WORKING GROUP (WITH AN AMBITIOUS AND DETAILED AGENDA) AND STRONG INTEREST IN DOUBLE TAXATION TREATY DISCUSSIONS ARE CASES IN POINT. ORDINARILY WE WOULD EXPECT THAT MRS. GANDHI'S SHARP REACTION TO THE PRESIDENT'S COMMENT ON INDIA WOULD SCARE OFF HER CIVIL SERVANTS. THIS HAS NOT BEEN THE CASE, HOWEVER, AS HIGH-LEVEL FINANCE MINISTRY INTEREST IN WORKING OUT PROBLEMS HAS CONTINUED UNABATED.

2. WE HAVE ALSO NOTICED EFFORTS TO GET BACK TO WHERE WE
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PAGE 02 NEW DE 12918 260057Z

LEFT OFF PRIOR TO THE CONTROVERSY IN THE MINISTRY OF EXTERNAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

AFFAIRS. JOINT SECRETARY FOR THE AMERICAS TEJA TOLD
US HE WAS GOING AHEAD WITH PLANS FOR THE JOINT COMMISSION
"ALTHOUGH YOU HAVE MADE IT MORE DIFFICULT FOR US" (HIS ONLY
COMMENT ON THE MATTER). ALSO, WE HAVE SEEN TEJA TWICE SINCE
THE TICKERS CARRIED A REPORT FROM THE PAKISTAN TIMES ON
US ARMS SALES TO PAKISTAN. HE HAS MADE ONLY A SINGLE
OBLIQUE REFERENCE TO IT (HE CONSIDERED PAKISTANI TIMING
SKILLFUL) AND SAID NOTHING OFFICIALLY TO US ABOUT IT; NOR
HAVE AS YET ANY OF HIS COLLEAGUES. DEFENSE MINISTER SWARAN
SINGH HAS MADE A STATEMENT ON THE SUBJECT BEFORE THE PARLIA-
MENTARY COMMITTEE ON DEFENSE BUT THIS WAS UNEXCEPTIONABLE AND
THE MINIMUM HE HAD TO DO. FOREIGN SECRETARY KEWAL
SINGH, WHO WILL ALSO MAKE THE TRIP TO WASHINGTON AT THE
REQUEST OF THE FOREIGN MINISTER, HAS ASKED THE AMBASSADOR
TO STOP BY BEFORE HE LEAVES FOR WASHINGTON.

3. WE ARE TRYING TO TAKE ADVANTAGE OF THE OPENING
PROVIDED BY KAUL'S INTEREST IN SOLVING ECONOMIC PROBLEMS
BY ASKING FOR FINANCE ACTION TO RESOLVE A LARGE VARIETY
OF PROBLEMS SUCH AS THE FERTILIZER ARBITRATION CASE,
REMITTANCE DELAYS, PAN AM AND TWA PROBLEMS AND PENDING
INVESTMENT PROPOSALS SUCH AS UNION CARBIDE AND NATIONAL STARCH
AS WELL AS AN EASING OF THE MORE ONEROUS FERA GUIDELINES.
(AS THIS CABLE WAS BEING PREPARED UNION CARBIDE TELEPHONED
TO SAY THAT ITS PROPOSAL HAD BEEN SUDDENLY APPROVED AFTER
6 MONTHS OF WAITING.) WE HOPE TO GET MORE RESULTS. THE
"SUCCESS STORIES" SO FAR RELATE TO GOI MOVEMENT ON THE
NORTH VIETNAM PROBLEM, A NOTICEABLE EASING OF "FLY INDIAN"
RESTRICTIONS ON INDIANS TRAVELING ON USG PROGRAMS AND
UNION CARBIDE. WE'LL REPORT THE RESULTS AS THEY COME IN.
COPIES OF THE EMBASSY PAPERS ARE BEING POUCHED NEA/INS
FOR POSSIBLE USE WITH THE INDIAN EMBASSY AND THE INDIAN
DELEGATION TO THE JOINT COMMISSION MEETING WHEN BUSINESS
PROBLEMS ARE DISCUSSED.

4. WERE IT NOT FOR THE OUTBURST OVER LAST WEEKEND, WE
WOULD CONSIDER THESE EVENTS SIMPLY A CONTINUATION OF INDIAN
EFFORTS TO GET CONSTRUCTIVE RESULTS FROM THE JOINT COMMISSION
MEETING. THAT THEY ARE TAKING PLACE NEVETHELESS INDICATES
THAT THE OBJECTIVES OF THE GOI APPLIED AT THE SENIOR CIVIL
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PAGE 03 NEW DE 12918 260057Z

SERVANT LEVEL REMAIN UNCHANGED.
SAXBE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, AMITY, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE12918
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750333-0683
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750918/aaaaapgd.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 AUG 2003 by ElyME>; APPROVED <24 NOV 2003 by ellisoob>
Review Markings:

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US Department of State
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06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDO-US RELATIONS: ATMOSPHERICS: POSITIVE VIBRATIONS
TAGS: PFOR, IN, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006